CIC Crown Investments Corporation of Saskatchewan

Quarter One Financial Report

March 31, 2010

Introduction

Crown Investments Corporation of Saskatchewan (CIC) is the provincial government's holding corporation for its commercial Crown corporations. CIC has invested equity in its subsidiary corporations and collects dividends from these corporations.

The purpose of the following discussion is to provide users of CIC's financial statements with an overview of the Corporation's financial performance and the various measures CIC uses to evaluate its financial health. This narrative on CIC's 2010 first quarter financial results should be read in conjunction with the December 31, 2009 audited consolidated and non-consolidated financial statements.

To facilitate greater transparency and accountability, CIC prepares two different sets of financial statements: CIC's consolidated financial statements that report on the commercial Crown sector; and CIC's non-consolidated financial statements that reflect its role as a holding corporation for the Province.

CIC Consolidated Financial Statements

These statements show CIC's results consolidated with the results of its subsidiary corporations. The financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and include:

- Financial results of subsidiary Crown corporations:

  Information Services Corporation of Saskatchewan (ISC)
  SaskEnergy Incorporated (SaskEnergy)
  Saskatchewan Development Fund Corporation (SDFC)
  Saskatchewan Gaming Corporation (SGC)
  Saskatchewan Government Growth Fund Management Corporation (SGGF MC)[1]
  Saskatchewan Government Insurance (SGI)
  Saskatchewan Opportunities Corporation (SOCO)
  Saskatchewan Power Corporation (SaskPower)
  Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)
  Saskatchewan Transportation Company (STC)
  Saskatchewan Water Corporation (SaskWater)

- CIC's wholly-owned share capital subsidiary CIC Asset Management Inc. (CIC AMI)[2];
- CIC's wholly-owned share capital subsidiary CIC Economic Holdco Ltd.;
- CIC's wholly-owned share capital subsidiary CIC Apex Equity Holdco Ltd.;
- CIC's wholly-owned share capital subsidiary First Nations and Métis Fund Inc.;
- Costs incurred by its wholly-owned non-profit subsidiary Gradworks Inc.;
- Dividends paid by CIC to the General Revenue Fund (GRF); and
- CIC's operating costs, public policy expenditures and interest earned on cash and short-term investment balances.

[1] SGGF MC was dissolved effective March 31, 2009.

[2] Investment Saskatchewan Inc. was de-designated as a subsidiary Crown corporation pursuant to Order-in-Council 653/2009 effective September 10, 2009 and is continued under the authority of *The Business Corporations Act (Saskatchewan)* as CIC Asset Management Inc. with CIC, as sole shareholder.

Consolidated earnings represent the total earnings in the Crown sector, taking into consideration the elimination of all inter-entity transactions (i.e. revenues and expenses between Crown corporations and dividends paid by Crown corporations to CIC).

CIC Non-Consolidated Financial Statements

CIC's non-consolidated financial statements are used to determine CIC's capacity to pay dividends to the Province's GRF. The non-consolidated financial statements have not been and are not intended to be prepared in accordance with GAAP. These financial statements are intended to isolate the Corporation's cash-flow and capital and operating support for certain subsidiary corporations. These financial statements include:

- Dividends from subsidiary Crown corporations (SaskTel, SaskEnergy, SGI, SGC, SOCO, and ISC);
- Dividends from share capital subsidiary CIC AMI;
- Dividends paid by CIC to the GRF;
- Grants to subsidiary corporations; and
- CIC's interest revenue on cash and short-term investment balances and operating costs.

Consolidated Financial Statements

Management's Discussion and Analysis

Forward-Looking Information

Throughout the quarterly report, and particularly in the following discussion, are forward-looking statements. These statements can be recognized by terms such as "outlook", "expect", "anticipate", "project", "continue" or other expressions that relate to estimations or future events. By their nature, forward-looking statements require assumptions based on current information, management experience and historical performance. Forward-looking information is subject to uncertainties, and, as a result, forward-looking statements are not a guarantee about the future performance of CIC and its subsidiary corporations.

Readers should not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ materially from estimates, predictions and assumptions. Other factors that can influence performance include, but are not limited to: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and the regulatory environment. Given these uncertainties, assumptions contained in forward-looking statements may or may not occur.

Major Lines of Business

CIC is involved in a broad array of industries through various forms of investment. A number of investments are held as wholly-owned subsidiaries, while others are joint ventures and partnerships, held through CIC's wholly-owned subsidiaries.

Management's Discussion & Analysis (MD&A) highlights the primary factors that have an impact on the consolidated financial results and operations of CIC. It should be read in conjunction with CIC's unaudited interim consolidated financial statements and supporting notes for the three months ended March 31, 2010. These interim financial statements have been prepared in accordance with CICA Handbook Section 1751.

The unaudited interim consolidated financial statements do not contain all the disclosures included in CIC's annual audited consolidated financial statements. Accordingly, these unaudited interim financial statements should be read in conjunction with CIC's December 31, 2009 audited consolidated financial statements.

Management's Discussion and Analysis (continued)

For purposes of the MD&A on CIC's consolidated results, "CIC" refers to the consolidated entity. The following table lists the subsidiaries and investments, including the respective business line, which CIC consolidates in its financial statements:

Investment	Major Business Line	Form of Investment
Saskatchewan Power Corporation (SaskPower)	Electricity	wholly-owned subsidiary
Saskatchewan Telecommunications Holding Corporation and Saskatchewan Telecommunications (collectively SaskTel)	Telecommunications	wholly-owned subsidiary
SaskEnergy Incorporated (SaskEnergy)	Natural Gas	wholly-owned subsidiary
Saskatchewan Water Corporation (SaskWater)	Water and Wastewater	wholly-owned subsidiary
Information Services Corporation of Saskatchewan (ISC)	Land and Property Registration Services	wholly-owned subsidiary
Saskatchewan Government Insurance (SGI)	Property and Casualty	wholly-owned subsidiary
Saskatchewan Gaming Corporation (SGC)	Entertainment	wholly-owned subsidiary
CIC Asset Management Inc. (CIC AMI)[1]	Investments	wholly-owned subsidiary
Saskatchewan Opportunities Corporation (SOCO)	Infrastructure	wholly-owned subsidiary
Saskatchewan Development Fund Corporation (SDFC)	Mutual Fund	wholly-owned subsidiary
Saskatchewan Government Growth Fund Management Corporation (SGGF MC)[2]	Immigrant Investor	wholly-owned subsidiary
Saskatchewan Transportation Company (STC)	Passenger and Freight Transportation	wholly-owned subsidiary

Utilities Insurance Entertainment Investment and Economic Growth Transportation

[1] Investment Saskatchewan Inc. was de-designated as a subsidiary Crown corporation pursuant to Order-in-Council 653/2009 effective September 10, 2009 and is continued under the authority of *The Business Corporations Act (Saskatchewan)* as CIC Asset Management Inc. with CIC, as sole shareholder.

[2] SGGF MC was dissolved effective March 31, 2009.

Crown Corporation Earnings (Losses) **For the three months ended (millions of dollars)** (unaudited)	**March 31 2010**	March 31 2009
SaskPower	$ **29.7**	$ 1.0
SaskTel	**39.0**	45.5
SaskEnergy	**38.7**	31.7
SGI	**16.7**	13.2
CIC AMI	**0.4**	(6.5)
SGC	**5.8**	6.3
ISC	**3.2**	1.5
SaskWater	**-**	(0.3)
STC	**0.7**	(0.2)
SOCO	**1.8**	1.3
CIC (non-consolidated) and Other	**(11.5)**	(7.1)
Total	$ **124.5**	$ 86.4

Management's Discussion and Analysis (continued)

The Corporation's consolidated earnings for the three months ended March 31, 2010 were $124.5 million (2009 - $86.4 million) which was a $38.1 million increase over the same period in 2009. Increased earnings at SaskPower, SaskEnergy, SGI, CIC AMI, ISC, SaskWater, STC and SOCO were only partially offset by lower earnings at SaskTel and SGC.

Revenue

Revenue for the first three months of 2010 was $1,249.6 million (2009 - $1,360.6 million), a decrease of $111.0 million compared to the same period in 2009.

Revenue from the sale of products and services for the period was $1,207.9 million (2009 - $1,340.4 million). The $132.5 million decrease was primarily related to the following:

1. SaskEnergy sales of products and services decreased by $132.8 million due primarily to the combined impacts of a lower commodity rate for natural gas sales to distribution utility customers and warmer than normal weather in Saskatchewan. The commodity rate was $5.21 per Gigajoule (GJ) for the first three months of 2010 versus $8.51 per GJ during the same period in 2009. Also, the weather in Saskatchewan was 3.0 per cent warmer than normal in the first three months of 2010 compared to 15.0 percent colder than normal during the same period in 2009. Sales revenue was also favourably impacted by $15.4 million in higher unrealized fair market value gains on natural gas management activities compared to the same period in 2009;
2. CIC AMI sales decreased $28.4 million due primarily to discontinuing consolidation of Big Sky Farms Inc. (Big Sky) operating results effective November 10, 2009;
3. SaskPower sales of products and services increased $15.3 million due primarily to a system-wide average rate increase of 8.5% that became effective on June 1, 2009, as well as an increase of 91.0 gigawatt hours (GWh) in sales volumes to Saskatchewan customers compared to the same period in 2009; and
4. SGI sales increased $10.0 million due mainly to increased premium growth in Saskatchewan and all out of province jurisdictions.

Investment earnings for the first three months of 2010 were $12.2 million (2009 - $18.3 million) or $6.1 million lower than the same period in 2009. CIC AMI investment earnings decreased $2.3 million due primarily to discontinuing consolidation of Big Sky investment revenue, and lower earnings on its non-consolidated investment and loan portfolio. CIC (non-consolidated) investment earnings decreased $4.9 million primarily related to lower average funds available to invest in 2010 versus 2009 given the $755.0 million dividend paid to the GRF in December, 2009. SGI investment earnings increased $2.0 million due to improved general market conditions, higher capital gains on the sale of equity investments, and lower investment write-downs compared to the same period in 2009.

Other revenue for the first three months of 2010 was $29.5 million (2009 - $1.9 million) or a $27.7 million increase over the same period in 2009. The increase is primarily related to the recognition of an incremental $18.8 million in deferred funding received from the GRF for qualifying expenditures on carbon capture and storage demonstration projects. An equivalent offsetting amount has been included in operating costs.

Expenses

Expenses for the first three months of 2010 were $1,125.1 million (2009 - $1,275.0 million). The $149.9 million decrease in expenses is primarily due to:

1. A $136.3 million decrease in expenses at SaskEnergy mainly related to a lower average cost of natural gas which fell to $4.83 per GJ during the first three months of 2010 versus $7.55 per GJ during the same period in 2009. Operating expenses were also favourably impacted by $19.0 million in lower unrealized fair market value losses on natural gas management activities compared to the same period in 2009;

Management's Discussion and Analysis (continued)

Expenses (continued)

2. A $36.6 million decrease in expenses at CIC AMI due primarily to discontinuing consolidation of Big Sky operating results effective November 10, 2009;
3. An increase of $10.8 million in expenses at SGI due to increased claims incurred mainly in Saskatchewan and Alberta;
4. An increase of $9.6 million in expenses at SaskTel primarily in support of revenue growth; and
5. A $4.8 million increase in expenses at SaskPower primarily related to an incremental $18.8 million increase in expenditures for its carbon capture and demonstration project (an equivalent offsetting amount has been included in other revenue), and a $7.9 million increase in unrealized losses on natural gas management activities, partially offset by lower fuel and purchased power costs related to a decrease in the average price of fuel, and lower realized losses on its gas risk management activities.

Capital Spending

In the first three months of 2010, CIC spent $273.1 million (2009 - $253.9 million) on investment and capital acquisitions. Increased capital spending of $32.4 million was partially offset by a reduction in investment purchases of $13.2 million.

The higher capital spending mainly related to:

1. An increase of $13.1 million at SaskPower with 2010 expenditures including new customer connections, a new gas turbine facility in North Battleford, and a new transmission line and switching station from the Poplar River Power Station to the Pasqua switching station near Moose Jaw; and
2. An incremental $17.3 million in spending at SaskTel due primarily to the cellular network upgrade to Universal Mobile Telecommunications System (UMTS)/High Speed Packet Access (HSPA) technology and the Saskatchewan Infrastructure Improvement Program, which is intended to provide broadband services to 100.0 per cent of rural Saskatchewan, cellular expansion to 98.0 per cent of the Saskatchewan population, and backbone infrastructure upgrades to increase the speed of basic internet services.

The Corporation reduced investment purchases by $13.2 million primarily due to lower overall funds available to invest after covering operating cash flows and increased capital expenditure programs.

Debt at March 31, 2010 was $4,240.4 million (December 31, 2009 - $4,212.4 million), an increase of $28.0 million. SaskTel debt increased $20.7 million and SaskPower debt increased by $26.9 million to fund a portion of increased capital expenditures at those subsidiaries. These were partially offset by a decrease of $23.5 million in debt at SaskEnergy which used excess funds to repay a portion of its notes payable.

Liquidity

CIC and its subsidiary Crowns finance their capital requirements through internally generated cash flow and borrowing. The GRF borrows in capital markets on behalf of Crowns. The GRF has sufficient access to capital markets for anticipated borrowing requirements.

Province of Saskatchewan Credit Ratings on Long-Term Debt
as at March 31, 2010

Moody's Investor Service	Aa1
Standard & Poor's	AA+
Dominion Bond Rating Service	AA

Management's Discussion and Analysis (continued)

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars)	For the three months ended March 31 2010	March 31 2009
Cash from operations	$ 222.5	$ 222.3
Cash provided by investing activities	177.0	483.2
Dividends paid	-	(150.0)
Debt proceeds received	5.1	50.5
Debt repaid	(2.2)	(2.2)
Other financing activities	20.1	(77.0)
Change in cash	$ 422.5	$ 526.8

Operating, Investing and Financing Activities

Cash from operations for the three months ended March 31, 2010 was $222.5 million (2009 - $222.3 million). Although net earnings for the quarter increased by $38.1 million compared to the same period in 2009, this was partially offset by a $17.1 million decrease in items not affecting cash from operations resulting in an overall cash impact from earnings which was $21.0 million higher than the same period in 2009. Cash from operations was also negatively impacted by a $22.4 million change in non-cash working capital balances.

Cash provided by investing activities for the three months ended March 31, 2010 was $177.0 million (2009 - $483.2 million). The $306.2 million decrease is primarily related to $293.0 million in lower proceeds from the sale and collection of investments. Proceeds realized by CIC (non-consolidated) decreased by $295.1 million primarily related to lower average funds available to invest in 2010 versus 2009 given the $755.0 million dividend paid to the GRF in December, 2009.

Cash provided by financing activities for the three months ended March 31, 2010 was $23.1 million or $201.8 million higher than the $178.7 million cash outflow for the same period in 2009. The increase was due to:

1. A $150.0 million decrease in dividends to the GRF;
2. A $45.4 million decrease in debt proceeds;
3. A $2.8 million net inflow from other liabilities and restricted cash and cash equivalents; and
4. A $94.4 million increase in notes payable.

Debt Management

CIC and its subsidiary Crowns prudently manage their debt to maintain and enhance their financial flexibility. The CIC Board has approved debt targets for CIC and its commercial subsidiaries that take into account their individual circumstances and industry benchmarks.

Management's Discussion and Analysis (continued)

Outlook

The Corporation's outlook related to net earnings is highly dependent upon the performance and management of the subsidiary corporations. Earnings expectations are also subject to many variables including: weather conditions, commodity markets, general economic and political conditions, interest and exchange rates, performance and competition in the Crown sector, and the regulatory environment. Based on the year-to-date performance of the subsidiary corporations and the projected Crown corporation performance for the remainder of the year, the Corporation anticipates solid earnings in 2010. The Corporation forecasts increased capital expenditures for electrical operations at SaskPower, on-going competitive pressures within the telecommunications and property and casualty insurance industries, and continued volatility in financial markets which may further impact natural gas management activities and the valuation of pensions and investments.

Future Accounting Changes - International Financial Reporting Standards (IFRS)

In February, 2008, the Canadian Accounting Standards Board confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009, approved an amendment to the introduction to the Public Sector Accounting Handbook confirming the direction which requires Government Business Enterprises (GBEs) to adopt IFRS and Other Government Organizations (OGOs) to adopt either IFRS or the Public Sector Accounting Handbook, whichever is considered the most appropriate basis of accounting.

Five of CIC's subsidiary Crown corporations are GBEs and six are OGOs. CIC believes that IFRS is the most appropriate basis of accounting for all of its subsidiaries and therefore the Corporation and its subsidiaries are proceeding with the adoption of IFRS.

CIC and its subsidiaries, are finalizing an IFRS conversion project. Selection of accounting policies has been finalized and CIC is in the final stages of determining the impact of IFRS on processes, systems, internal controls over financial reporting and disclosures, and future financial position and results of operations. IFRS financial statement presentation formats are being finalized. As part of the IFRS implementation, CIC has made changes to certain processes and systems to ensure transactions are recorded in accordance with IFRS for comparative reporting purposes. The aspects of IFRS that have the potential to most significantly impact CIC are accounting for property, plant and equipment, employee future benefits, revenue recognition, impairment testing, and financial statement disclosures.

The IASB plans to make revisions to or replace existing IFRS standards that may impact CIC. Some of the anticipated changes may be in effect prior to the CIC's transition date; and therefore, IFRS may differ at transition date from its current form.

Crown Investments Corporation of Saskatchewan

Consolidated Statement of Financial Position

(unaudited)

(thousands of dollars)

	March 31 2010	December 31 2009
ASSETS		
Current		
Cash and cash equivalents	$ 771,125	$ 351,862
Short-term investments	156,488	501,054
Restricted cash and cash equivalents (Note 3)	70,453	88,695
Accounts receivable	504,525	556,501
Derivative financial assets (Note 4)	93,173	51,827
Inventories (Note 5)	384,980	413,845
Prepaid expenses	136,660	124,118
Assets from discontinued operations	-	443
	2,117,404	2,088,345
Restricted cash and cash equivalents (Note 3)	160,465	163,009
Investments	1,171,521	1,157,067
Property, plant, and equipment	6,512,282	6,447,289
Intangible assets	193,183	198,529
Other assets	190,665	194,278
	$ 10,345,520	$ 10,248,517
LIABILITIES AND PROVINCE'S EQUITY		
Current		
Bank indebtedness	$ 8,963	$ 12,606
Accounts payable and accrued liabilities	502,969	584,058
Derivative financial liabilities (Note 4)	125,499	66,664
Notes payable	449,275	423,725
Deferred revenue	397,492	415,593
Liabilities from discontinued operations	-	262
Long-term debt due within one year (Note 4)	180,964	180,834
	1,665,162	1,683,742
Long-term debt (Note 4)	3,610,188	3,607,801
Other liabilities (Note 3(a))	691,632	705,404
	5,966,982	5,996,947
Province of Saskatchewan's Equity		
Equity advances	1,051,152	1,051,152
Contributed surplus	111	136
Retained earnings	3,301,680	3,177,214
Accumulated other comprehensive income	25,595	23,068
	4,378,538	4,251,570
	$ 10,345,520	$ 10,248,517

Contingencies (Note 6)

(See accompanying notes)

Crown Investments Corporation of Saskatchewan

Consolidated Statement of Operations and Retained Earnings

(unaudited)

For The Period

(thousands of dollars)

	2010 January 1 to March 31	2009 January 1 to March 31
REVENUE		
Sales of products and services	$ 1,207,863	$ 1,340,414
Investment	12,203	18,270
Other	29,540	1,874
	1,249,606	1,360,558
EXPENSES		
Operating costs other than those listed below	906,340	1,054,210
Interest	57,773	59,071
Depreciation and amortization	122,601	121,312
Saskatchewan taxes and fees	38,426	40,451
	1,125,140	1,275,044
EARNINGS FROM CONTINUING OPERATIONS	124,466	85,514
Gain from discontinued operations	-	879
NET EARNINGS	124,466	86,393
RETAINED EARNINGS, BEGINNING OF PERIOD	3,177,214	3,583,506
	3,301,680	3,669,899
DIVIDEND TO GENERAL REVENUE FUND	-	-
RETAINED EARNINGS, END OF PERIOD	$ 3,301,680	$ 3,669,899

(See accompanying notes)

Crown Investments Corporation of Saskatchewan

Consolidated Statement of Comprehensive Income

(unaudited)

For The Period

(thousands of dollars)

	2010 January 1 to March 31	2009 January 1 to March 31
NET EARNINGS	$ 124,466	$ 86,393
Foreign currency translation adjustment	(2,002)	2,416
Unrealized gain (loss) on cash flow hedges	286	(543)
Unrealized gain (loss) on available-for-sale financial assets	5,305	(4,816)
Reclassification for realized (gains) losses on sale of investments included in operations	(1,062)	4,316
Other comprehensive income	2,527	1,373
COMPREHENSIVE NET INCOME	$ 126,993	$ 87,766

(See accompanying notes)

Crown Investments Corporation of Saskatchewan

Consolidated Statement of Accumulated Other Comprehensive Income (Loss)

(unaudited)

For The Period

(thousands of dollars)

	2010 January 1 to March 31	2009 January 1 to March 31
Balance, beginning of period	$ 23,068	(15,470)
Other comprehensive income	2,527	1,373
BALANCE, END OF PERIOD	$ 25,595	$ (14,097)

(See accompanying notes)

Crown Investments Corporation of Saskatchewan

Consolidated Statement of Cash Flows
(unaudited)
For The Period
(thousands of dollars)

	2010 January 1 to March 31	2009 January 1 to March 31
OPERATING ACTIVITIES		
Net earnings	$ 124,466	$ 86,393
Items not affecting cash from operations	160,688	177,858
	285,154	264,251
Net change in non-cash working capital balances related to operations	(62,673)	(40,270)
Cash provided by operating activities from continuing operations	222,481	223,981
Cash used in operating activities from discontinued operations	-	(1,678)
Cash provided by operating activities	222,481	222,303
INVESTING ACTIVITIES		
Purchase of investments	(90,319)	(103,531)
Proceeds from sale and collection of investments	446,625	739,655
Purchase of property, plant, and equipment	(177,091)	(143,336)
Purchase of intangible assets	(5,703)	(7,052)
Proceeds from sale of property, plant, and equipment	2,608	397
Decrease (increase) in other assets	847	(2,958)
Cash provided by investing activities	176,967	483,175
FINANCING ACTIVITIES		
Increase (decrease) in notes payable	25,550	(68,839)
Decrease in other liabilities	(20,305)	(1,547)
Decrease in restricted cash and cash equivalents	23,989	2,380
Debt proceeds from General Revenue Fund	5,093	50,000
Debt proceeds from other lenders	-	500
Debt repayments to other lenders	(2,238)	(2,189)
Sinking fund instalments	(9,031)	(9,023)
Dividend paid to General Revenue Fund	-	(150,000)
Cash provided by (used in) financing activities	23,058	(178,718)
NET CHANGE IN CASH DURING PERIOD	422,506	526,760
CASH POSITION, BEGINNING OF PERIOD	339,656	846,542
CASH POSITION, END OF PERIOD	$ 762,162	$ 1,373,302
Cash position consists of:		
Cash from continuing operations	$ 771,125	$ 1,400,387
Bank indebtedness from continuing operations	(8,963)	(27,444)
	762,162	1,372,943
Cash from discontinued operations	-	359
	$ 762,162	$ 1,373,302

(See accompanying notes)

Crown Investments Corporation of Saskatchewan
Notes to Consolidated Financial Statements
(unaudited)
March 31, 2010

1. Status of Crown Investments Corporation of Saskatchewan

Crown Investments Corporation of Saskatchewan (CIC) was established by Order in Council 535/47 dated April 2, 1947, and is continued under the provisions of *The Crown Corporations Act, 1993*.

The Corporation is an agent of Her Majesty in Right of the Province of Saskatchewan, and as a Provincial Crown corporation is not subject to Federal and Provincial income taxes. Certain jointly controlled enterprises and subsidiaries are not Provincial Crown corporations and are subject to Federal and Provincial income taxes.

2. Summary of Significant Accounting Policies

The interim consolidated financial statements of CIC do not contain all of the disclosures included in CIC's annual consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with the December 31, 2009 audited consolidated financial statements.

The preparation of financial statements in accordance with Canadian Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues, and expenses. Actual amounts could differ from these estimates.

The interim consolidated financial statements should not be taken as indicative of the performance to be expected for the full year due to the seasonal nature of corporate operations.

The accounting policies used in the preparation of these interim financial statements conform to those used in the December 31, 2009, audited consolidated financial statements.

a) Consolidation principles and basis of presentation

Certain Saskatchewan provincial Crown corporations are designated as subsidiary Crown corporations of CIC under *The Crown Corporations Act, 1993* (the Act). In addition, certain Saskatchewan provincial Crown corporations created under the Act are CIC Crown corporations. The Act assigns specific financial and other responsibilities regarding these corporations to CIC.

In addition to the Crown corporations listed below, CIC also consolidates the accounts of Gradworks Inc., a wholly-owned non-profit subsidiary, and the following wholly-owned share capital subsidiaries: CIC Asset Management Inc. (CIC AMI) [1]; First Nations and Métis Fund Inc.; CIC Economic Holdco Ltd.; and CIC Apex Equity Holdco Ltd.

Separate unaudited interim financial statements for CIC have been prepared on a non-consolidated basis to show the financial position and results of operations of the corporate entity. In addition, separate unaudited interim financial statements for each of the undernoted Crown corporations are prepared and released publicly.

[1] Investment Saskatchewan Inc. was de-designated as a subsidiary Crown corporation pursuant to Order-in-Council 653/2009 effective September 10, 2009 and is continued under the authority of *The Business Corporations Act (Saskatchewan)* as CIC Asset Management Inc. with CIC, as sole shareholder.

2. Summary of Significant Accounting Policies (continued)

a) Consolidation principles and basis of presentation (continued)

The following Crown corporations have been designated or created as subsidiary Crown corporations of CIC and have been consolidated in these interim financial statements:

Information Services Corporation of Saskatchewan (ISC)	Saskatchewan Government Insurance (SGI)
SaskEnergy Incorporated (SaskEnergy)	Saskatchewan Opportunities Corporation (SOCO)
Saskatchewan Development Fund Corporation (SDFC)	Saskatchewan Power Corporation (SaskPower)
Saskatchewan Gaming Corporation (SGC)	Saskatchewan Telecommunications Holding Corporation (SaskTel)
Saskatchewan Government Growth Fund Management Corporation (SGGF MC)[1]	Saskatchewan Telecommunications
	Saskatchewan Transportation Company (STC)
	Saskatchewan Water Corporation (SaskWater)

[1] SGGF MC was dissolved effective March 31, 2009.

Throughout these interim financial statements the phrase "the Corporation" is used to collectively describe the activities of the consolidated entity.

b) Joint ventures

The Corporation's shares of jointly controlled enterprises included in these interim financial statements are as follows:

Apex Investment Limited Partnership	54%
Centennial Foods Partnership	33%
Cory Cogeneration Funding Corporation	50%
Cory Cogeneration Joint Venture	50%
Foragen Technologies Limited Partnership	33%
Heritage Gas Limited[2]	50%
Kisbey Gas Gathering and Processing Facility	50%
Saskatchewan Entrepreneurial Fund Joint Venture	45%

[2] The Corporation sold its interest in Heritage Gas Limited effective October 1, 2009.

c) Revenue recognition

Gas marketing

Revenue from natural gas marketing is recorded in the consolidated statement of operations and retained earnings upon completion of the delivery of natural gas to the customer. The Corporation acts as a principal in these natural gas marketing transactions, taking title to the natural gas purchased for resale, and assuming the risks and rewards of ownership. Changes in the fair value of outstanding marketing sales contracts are recorded as gains or losses in the period of change.

2. Summary of Significant Accounting Policies (continued)

c) Revenue recognition (continued)

Natural gas delivery and commodity

Delivery and commodity revenue is recognized when natural gas is delivered to customers. The estimate of natural gas delivered, but not billed, is included in revenue.

Natural gas transportation and storage

Revenue is recognized when transportation, transportation related services, and storage are provided to customers and the ultimate collection is reasonably assured. An estimate of transportation, storage and related services rendered, but not billed, is included in revenue.

Electricity

Electricity revenue is recognized upon delivery to the customer and includes an estimate of electrical deliveries not yet billed at period end. Physical electricity trading revenues are reported on a gross basis upon completion of delivery of electricity to customers.

Telecommunications

Telecommunication revenues are recognized in the period the services are provided when there is clear proof that an arrangement exists, amounts are determinable, and the ability to collect is reasonably assured. Revenues from local telecommunications, data, internet, entertainment and security services are recognized based on access to the Corporation's network and facilities at the rate plans in effect during the period the service is provided. Certain service connection charges and activation fees, along with corresponding direct costs, are deferred and recognized over the average expected term of the customer relationship.

Revenues from long distance and wireless airtime are recognized based on the usage or rate plans in the period service is provided. Revenues from equipment sales are recognized when the equipment is delivered to and accepted by the customer. Revenues for longer term contracts are recognized based on a percentage of completion. Payments received in advance are recorded as deferred revenue until the product or service is delivered.

Customer solutions may involve the delivery of multiple services and products that occur at different points and over different periods of time. The multiple services are separated into their respective accounting units and consideration is allocated among the accounting units. The relevant revenue recognition policies are applied to each accounting unit.

Revenues are earned through the sale of print and electronic telephone directory advertising, on-line advertising and advertising in agricultural publications. Advertising revenues are generally recognized, in accordance with the contractual terms with advertisers, on a monthly basis over the life of the print directory or electronic directory advertising commencing with the delivery or display date, respectively. Amounts billed in advance for directory advertising are deferred and recognized over the corresponding life of the directory.

2. Summary of Significant Accounting Policies (continued)

c) Revenue recognition (continued)

Property registration

Land and personal property registry revenues are recognized when services are rendered.

Property and casualty insurance

Premiums written are taken into net earnings over the terms of the related policies which are no longer than twelve months. Unearned premiums represent the portion of the policy premiums relating to the unexpired term of each policy.

Gaming

Gaming revenue (table and slot revenues) represents the net win from gaming activities, which is the difference between the amounts wagered and the payouts by the casino. Gaming revenues are net of accruals for anticipated payouts of progressive jackpots.

Investment revenue

Interest earned on investments is recognized on an accrual basis except where uncertainty exists as to ultimate collection. In cases where collectability of interest is not reasonably assured, interest revenue is recorded when it is received and accrued interest receivable is offset by deferred interest revenue.

Other

Revenue from sales of other products is recognized when goods are shipped and title has passed to the customer or based on the right to revenue pursuant to contracts with customers, tenants and clients.

d) Measurement uncertainty

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Significant items subject to estimates and assumptions include the carrying amounts of property, plant and equipment and underlying estimations of useful lives of depreciable assets, capitalization of interest, disposal of long-lived assets, asset retirement obligations, and labour and overhead; provision for unpaid claims; the carrying amounts of accounts receivable, inventory, investments, natural gas in storage, goodwill, and intangible assets; the accounting for variable interest entities, discontinued operations, fair value of financial instruments, and environmental remediation liabilities; and the carrying amounts of employee future benefits including underlying actuarial assumptions.

2. Summary of Significant Accounting Policies (continued)

d) Measurement uncertainty (continued)

The financial statements are based on management's best estimates using information available. Volatility in financial markets has complicated the estimation process due to the recent economic decline and significant fluctuations in foreign exchange rates and commodity prices. Accordingly, the inherent uncertainty involved in making estimates and assumptions may impact the actual results reported in future periods by a material amount.

e) Future accounting policy change

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009, approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS and Other Government Organizations (OGO's) to adopt either IFRS or the public sector handbook, whichever is considered the most appropriate basis of accounting. CIC is publicly accountable and has therefore selected IFRS as its accounting platform.

CIC and its subsidiaries, are finalizing an IFRS conversion project. Selection of accounting policies has been finalized and CIC is in the final stages of determining the impact of IFRS on processes, systems, internal controls over financial reporting and disclosures, and future financial position and results of operations. IFRS financial statement presentation formats are being finalized. As part of the IFRS implementation, CIC has made changes to certain processes and systems to ensure transactions are recorded in accordance with IFRS for comparative reporting purposes. The aspects of IFRS that have the potential to most significantly impact CIC are accounting for property, plant and equipment, employee future benefits, revenue recognition, impairment testing, and financial statement disclosures.

The IASB plans to make revisions to or replace existing IFRS standards that may impact CIC. Some of the anticipated changes may be in effect prior to CIC's transition date; and therefore, IFRS may differ at transition date from its current form.

3. Restricted Cash and Cash Equivalents and Other Liabilities

The Corporation held the following cash and cash equivalents restricted for use (thousands of dollars):

	March 31, 2010		December 31, 2009	
	Current	**Non-Current**	Current	Non-Current
Carbon capture and storage demonstration projects (a)	**$ 49,371**	**$ 140,465**	$ 67,132	$143,009
Meadow Lake Pulp Limited Partnership (b)	**20,766**	**20,000**	21,250	20,000
Centennial Foods Partnership (c)	**316**	**-**	313	-
	$70,453	**$ 160,465**	$ 88,695	$163,009

a) Amounts reflect unspent funding transferred to the Corporation in 2008 from the General Revenue Fund (GRF) restricted for carbon capture and storage demonstration projects.

b) Cash held by the receiver of Meadow Lake Pulp Limited Partnership which is subject to the order of the Court of Queen's Bench of Saskatchewan; and

c) Cash held in escrow related to the sale of Centennial Foods Partnership in 2007.

4. Financial Instruments and Risk Management

The Corporation is exposed to fluctuations in natural gas prices, electricity prices, foreign exchange rates, interest rates and the value of certain investments. The Corporation utilizes a number of financial instruments to manage these exposures. The Corporation mitigates the risk associated with these financial instruments through Board-approved policies, limits on use and amount of exposure, internal monitoring, and compliance reporting to senior management and the Board.

Fair values are approximate amounts at which financial instruments could be exchanged between willing parties based on current markets for instruments with similar characteristics, such as risk, principal and remaining maturities. Fair values are estimates using present value and other valuation techniques which are significantly affected by the assumptions used concerning the amount and timing of estimated future cash flows and discount rates that reflect varying degrees of risk. Therefore, due to the use of judgement and future-oriented information, aggregate fair value amounts should not be interpreted as being realizable in an immediate settlement of the instruments.

At March 31, 2010, the Corporation held $3,791.2 million (December 31, 2009 - $3,788.6 million) in long-term debt and long-term debt due within one year with a fair value of $4,468.9 million (December 31, 2009 - $4,448.9 million).

The Corporation held the following derivative financial instruments which are classified as held-for-trading and carried at fair market value (thousands of dollars):

	March 31, 2010		December 31, 2009	
	Asset	**(Liability)**	Asset	(Liability)
Physical natural gas contracts	**$ 26,486**	**$ (5,788)**	$ 15,357	$ (8,391)
Natural gas price swaps	**65,904**	**(119,481)**	36,470	(58,167)
Physical electricity forwards	**-**	**(71)**	-	-
Electricity contracts for differences	**783**	**(98)**	-	-
Interest rate swaps	**-**	**(30)**	-	(43)
Foreign exchange forward contracts	**-**	**(31)**	-	(63)
	$93,173	**$ (125,499)**	$ 51,827	$ (66,664)

Depending on market conditions, unrealized losses or gains related to the change in fair value of derivative financial assets and derivative financial liabilities can negatively or positively impact net earnings. For the three months ended March 31, 2010, derivative fair value adjustments resulted in a net unrealized loss of $17.5 million (March 31, 2009 - $45.5 million).

4. Financial Instruments and Risk Management (continued)

a) Commodity price risk management

Natural gas price risk

The Corporation may manage the risk associated with the purchase and sale price of natural gas. The purchase or sale price of natural gas may be fixed within the contract, or referenced to a floating index price. When the price is referenced to a floating index price, natural gas derivative instruments may be used to fix the settlement amount. The types of natural gas derivative instruments the Corporation may use for price risk management include natural gas price swaps, options, swaptions and futures contracts.

Based on the Corporations' March 31, 2010 closing positions, an increase of $1 per Gigajoule (GJ) in natural gas prices would have increased net earnings, through an increase in the fair value of natural gas contracts, by $9.3 million. Conversely, a decrease of $1 per GJ would have decreased net earnings, through a decrease in the fair value of natural gas contracts, by $9.3 million.

b) Market risk

Market risk represents the potential for loss from changes in value of financial instruments. Value can be affected by changes in equity prices. Market risk primarily impacts the value of investments.

The Corporation is exposed to changes in equity prices in Canadian, U.S. and EAFE (Europe, Australia and Far East) markets. The fair value of these equities at March 31, 2010 was $147.5 million (December 31, 2009 - $142.5 million).

The Corporation's equity price risk is assessed using Value at Risk (VaR), a statistical technique that measures the potential change in the value of an asset class. The VaR has been calculated based on volatility over a four-year period, using a 95.0 per cent confidence level. As such, it is expected that the annual change in the portfolio market value will fall within the range outlined in the following table 95.0 per cent of the time (19 times out of 20 years) (thousands of dollars):

Asset Class

		March 31 2010		December 31 2009
Canadian pooled equity fund and Canadian common shares	**+/-**	**$34,829**	+/-	$32,877
U.S. pooled equity fund and U.S. common shares	**+/-**	**7,275**	+/-	7,542
Non-North American pooled equity fund	**+/-**	**9,686**	+/-	9,147

4. Financial Instruments and Risk Management (continued)

b) Market risk (continued)

The Corporation has on deposit with the GRF, under the administration of the Ministry of Finance, $386.9 million (December 31, 2009 - $374.2 million) in sinking funds required for certain long-term debt issues. The GRF has invested these funds primarily in Provincial and Federal government bonds with varying maturities to coincide with related debt maturities and are managed based on this maturity profile and market conditions. As such, the related credit risk associated with these investments is considered low. The Corporation does not believe that the impact of fluctuations in market prices related to these investments will be material and, therefore, has not provided a sensitivity analysis of the impact on net earnings or other comprehensive income.

5. Inventories

For the three months ended March 31, 2010, $185.8 million (March 31, 2009 - $289.5 million) of natural gas in storage held for resale, $69.6 million (March 31, 2009 - $70.5 million) of raw materials inventory, and $39.2 million (March 31, 2009 - $33.0 million) of other inventory were consumed. The Corporation incurred a $21.3 million (March 31, 2009 - $15.4) write-down of natural gas in storage held for resale to its net realizable value. There was no reversal of any prior period write-down during the three months ended March 31, 2010 or March 31, 2009.

6. Contingencies

a) On August 9, 2004, a proceeding under *The Class Actions Act* (Saskatchewan) was brought against several Canadian wireless and cellular service providers, including the Corporation. The proceeding involves allegations by wireless customers of breach of contract, misrepresentation, negligence, collusion, unjust enrichment and breach of statutory obligations concerning system administration fees. The Plaintiffs seek unquantified damages from the defendant wireless communications service providers. Similar proceedings have been filed by, or on behalf of, Plaintiffs' counsel in other provincial jurisdictions. On September 17, 2007, the Saskatchewan court certified the Plaintiff's proceeding as a class action with respect to an allegation of unjust enrichment only. The appeal from this decision by the Corporation, together with all other defendants, will be heard by the Court of Appeal in October, 2010. On July 24, 2009, a second proceeding under *The Class Actions Act* (Saskatchewan) was issued against several Canadian wireless and cellular providers, including the Corporation. The Corporation believes this second action involves substantially the same allegations as the 2004 claim and on December 23, 2009 the second action was conditionally stayed as an abuse of process by the Court of Queen's Bench. The Plaintiff's motion to discontinue the 2004 action was withdrawn leaving the 2004 action as an active lawsuit before the Court. The Plaintiffs have applied to obtain leave of the Court of Appeal to appeal the stay of the second action. The Corporation continues to believe that is has strong defences to the allegations and that legal errors were made by the Court in the certification proceeding of the 2004 claim and that it has strong defences to the allegations contained in the 2009 action.

6. Contingencies (continued)

b) On March 20, 2007, R.L.T.V. Investments Inc. brought a lawsuit against the Corporation, and several current and former officers and employees of the Corporation. The lawsuit includes allegations that the Corporation wrongfully obtained its Multipoint Communications Systems license in Saskatchewan and is legally responsible for the failure of Image Wireless Communications Inc. as a consequence of the alleged breach of contract, intentional interference with trade or business, deceit, misrepresentation and breach of the *Competition Act*. The Plaintiff claims damages in excess of $87.0 million. The Corporation believes that it has strong defences to the allegations and a motion to strike all claims against the defendants was heard on September 25, 2007. The court struck the lawsuit in its entirety and the Plaintiff's appeal of the decision to the Saskatchewan Court of Appeal was heard on November 20, 2008. The Saskatchewan Court of Appeal released its unanimous decision on July 23, 2009 and agreed with the Court of Queen's Bench that the lawsuit should be dismissed in its entirety. The Plaintiffs sought leave of the Supreme Court of Canada to appeal that decision. On March 11, 2010, the request was dismissed by the Supreme Court of Canada. No further appeals are available.

c) On June 26th, 2008, a proceeding under *The Class Actions Act* (Saskatchewan) was brought against several Canadian wireline, wireless and cellular service providers, including the Corporation. The proceeding involves allegations by wireline and wireless customers of breach of contract, misrepresentation, negligence, collusion, unjust enrichment and breach of statutory obligations concerning fees and charges paid for 9-1-1 service. The Plaintiffs seek unquantified damages from the defendant communications service providers. Thus far the claim has simply been issued by the Plaintiffs. The Corporation is not aware whether all the named defendant carriers have been served with the claim yet. The Corporation believes that it has strong defences to the allegations that are made by the Plaintiffs in the claim and will be strongly defending and opposing the claims that have been made. External legal counsel has been retained to handle this matter. No further steps have been taken in this action to date.

d) The Corporation has a commitment to make contributions to the Power Corporation Superannuation Plan (the Plan) as a result of a binding court settlement from a legal action that was commenced in 1996 by an individual, in a representative capacity, on behalf of members of the Plan. The settlement required the Corporation to pay $81.3 million into the Plan in three equal instalments over three years. The first payment of $27.1 million was completed on December 15, 2009. The second payment is due July 1, 2010, and the final payment is due July 1, 2011.

e) The Corporation has issued a $5.0 million promissory note provided as acceptable credit support for project lenders in respect of the debt coverage service ratio requirements for the Cory Cogeneration Station.

f) Including the above, the Corporation has various legal matters pending which, in the opinion of management, will not have a material effect on the Corporation's consolidated financial position or results of operations. Should the ultimate resolution of actions differ from management's assessments and assumptions, a material adjustment to the Corporation's financial position or results of operations could result.

Crown Investments Corporation of Saskatchewan
Notes to Consolidated Financial Statements
(unaudited)
March 31, 2010

7. Defined Benefit Plans

Pension expense (earnings) for defined benefit plans is as follows (thousands of dollars):

	2010 January 1 to March 31	2009 January 1 to March 31
Current service cost	**$ 1,682**	$ 1,801
Interest costs	**26,658**	27,558
Expected return on plan assets	**(28,137)**	(28,233)
Amortization of net transitional asset	**(4)**	(1,018)
Amortization of past service costs	**804**	3,549
Amortization of actuarial loss	**10,548**	3,634
Other	**(16)**	(18)
Defined benefit plan expense	**$ 11,535**	$ 7,273

8. Subsequent Event

In April 2010, the Corporation was charged under Saskatchewan's Occupational Health and Safety Act and Regulations in relation to a natural gas explosion that occurred April 18, 2008 in Nipawin, Saskatchewan. The Corporation has also been named a defendant in a number of civil actions related to this incident. The claims remain at an early stage, and the Corporation has not yet entered a plea on the charges. Accordingly, the likelihood and amount of any potential loss cannot be reasonably estimated.

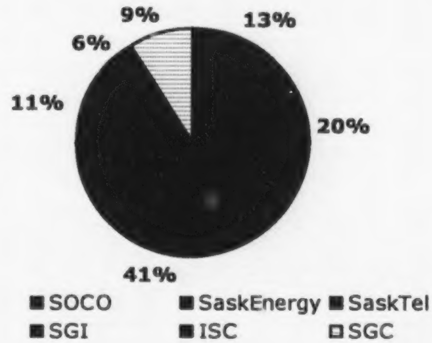
9. Comparative Figures

Certain of the 2009 comparative figures have been reclassified to conform to the current period's presentation.

Non-Consolidated Financial Statements

Management's Discussion and Analysis

Dividend Revenue



CIC is the provincial government's holding company for its commercial Crowns. CIC has invested equity in its subsidiary Crown corporations and collects dividends from these corporations based on their profitability.
This narrative on CIC's non-consolidated March 31, 2010 first quarter results should be read in conjunction with the March 31, 2010 unaudited non-consolidated financial statements.

The unaudited interim non-consolidated financial statements do not contain all the disclosures included in CIC's annual audited non-consolidated financial statements. Accordingly, these unaudited interim non-consolidated financial statements should be read in conjunction with CIC's December 31, 2009 audited non-consolidated financial statements.

For the purposes of this narrative on CIC's non-consolidated financial results, "CIC" refers to the holding company.

CIC Non-Consolidated First quarter Earnings (millions of dollars) (unaudited)		For the three months ended March 31, 2010	For the three months ended March 31, 2009
Dividend revenue from Crown corporations		$ 71,472	$ 53,670
Add:	Interest and other revenue	970	5,876
	Grant funding from GRF	20,305	1,547
Less:	General, administrative and other expenses	(2,987)	(5,607)
	Grants to subsidiary corporations	(30,345)	(7,918)
Total non-consolidated earnings		$ 59,415	$ 47,568

Earnings

Earnings for the first three months of 2010 were $59.4 million (2009 - $47.6 million). The first three months earnings increased $11.8 million from the same period in 2009. The increase is primarily due to increases in dividend revenue of $17.8 million, grant funding from the GRF of $18.7 million and a decrease in general, administrative and other expenses of $2.6 million. These improvements were offset by lower interest and other revenue of $4.9 million combined with increases in grants to subsidiary corporations of $22.4 million.

Dividend Revenue

Dividend revenue for the three months ended March 31, 2010 was $71.5 million (2009 - $53.7 million). The $17.8 million increase was due to increased dividends from SOCO ($9.0 million) which declared a special dividend to CIC on March 31, 2010, SaskTel ($6.3 million), ISC ($1.6 million), SGI ($1.4 million), and SGC ($1.2 million), partially offset by decreased dividends from SGGF MC ($1.7 million), which paid a dividend on March 31, 2009 as part of the wind-up of its operations.

Management's Discussion and Analysis (continued)

Dividend Revenue (continued)

For the first three months of each year, dividends from subsidiary Crown corporations are based on 25.0 per cent of their budgeted dividend for the year. The budgeted dividend is calculated under CIC's dividend policy which applies a percentage payout of net earnings based on the overall financial health of the subsidiary Crown and its need for capital investment. For the remainder of the year, dividend payments will be adjusted based on forecasted earnings at year end. For the current year, the government has requested that SaskTel, SaskEnergy, SGI, ISC and SGC to pay 100.0 per cent of net income to CIC as a dividend. Also, SOCO has been requested to pay a one-time special dividend to CIC of $9.0 million. CIC Asset Management Inc.'s (formerly Investment Saskatchewan Inc.) dividend is determined on a cash availability formula, which is determined at year end. In 2010, dividends from SaskPower have been eliminated in order to support SaskPower's significant capital program over the next ten years.

General, Administrative and Other Expenses

General, administrative and other expenses were $3.0 million for the three months ended March 31, 2010 (2009 - $5.6 million). The decrease of $2.6 million was due mainly to two significant projects that were completed in 2009.

Grants to Subsidiary Corporations

During the first three months of 2010, CIC provided $30.3 million (2009 - $7.9 million) in grants to subsidiary corporations. STC received $2.9 million (2009 - $2.3 million) in grants to support ongoing operations. SaskEnergy received $6.3 million (2009 - $3.1 million) to fund the EnerGuide for Houses Matching Grant Program. SaskPower received $20.3 million (2009 - $1.5 million) for carbon capture and demonstration projects. CIC provided this grant out of restricted funding from the GRF. SaskTel received $0.8 million (2009 - $0.6 million) to fund FleetNet, a provincial emergency communications network. Gradworks Inc., a non-profit subsidiary of CIC, received $Nil million (2009 - $0.5 million) to fund its internship program.

CIC's 2010 budget includes public policy and grant funding expenditures as follows: $9.9 million in operating and capital grants to STC; $8.8 million of funding to SaskEnergy for the EnerGuide for Houses Matching Grant Program; $3.3 million funding to SaskTel to maintain FleetNet; and $0.5 million of operating grants to Gradworks.

Liquidity and Capital Resources

Cash Flow Highlights (millions of dollars) (unaudited)	For the three months ended **March 31 2010**	March 31 2009
Cash from operations	**$ 77.0**	$ 51.3
Cash provided by investing activities	**335.3**	622.8
Cash used in financing activities	**(8.1)**	(149.9)
Change in cash	**$ 404.2**	$ 524.2

Management's Discussion and Analysis (continued)

Liquidity and Capital Resources (continued)

Liquidity

CIC finances its capital requirements through internally-generated cash flow and through borrowing from the GRF. The GRF borrows on CIC's behalf in capital markets.

Operating, Investing and Financing Activities

Cash from operations for the three months ended March 31, 2010 was $77.0 million (2009 - $51.3 million). The $25.7 million increase was due mainly to higher dividends collected in the first three months of 2010 compared to the same period in 2009, combined with an increase in interest and accounts payable due mainly to amounts owed to SaskPower under the carbon capture and storage demonstration project grant.

Cash provided by investing activities for the three months ended March 31, 2010 was $335.3 million (2009 - $622.8 million). Difference from period to period is due to reclassifications of cash between cash and cash equivalents and short-term investments. These items are classified differently between accounting periods depending on whether maturities of these investments are due within 90 days from quarter end.

Cash used in financing activities was $8.1 million (2009 - $149.9 million). Financing activities in the first quarter of 2009 consisted mainly of dividends paid to the GRF of $150.0 million. CIC made no dividend payments to the GRF in the first quarter of 2010. The net change in restricted cash and cash equivalents and deferred funding was an outflow of $8.1 million in cash.

Debt Management

CIC as a legal entity has no debt. Currently, CIC does not expect to borrow in 2010.

Outlook and Key Factors Affecting Performance

The key factor affecting CIC's earnings is the level of dividends from commercial subsidiary Crown corporations.

Factors affecting the level of dividends from subsidiary Crowns include the level of profits and the application of CIC's subsidiary dividend policy. The CIC Board determines dividends from a commercial subsidiary after allocating cash for reinvestment within the Crown to sustain operations, to grow and to diversify, and for debt reduction if necessary.

CIC regularly assesses the appropriateness of the carrying value for its investments, and writes down an investment if it judges there to be a permanent impairment in carrying value. CIC regularly reviews its investments with private sector partners to determine the appropriateness of retention or sale.

Crown Investments Corporation of Saskatchewan

Non-Consolidated Statement of Financial Position

(unaudited)
(thousands of dollars)

		March 31 2010		December 31 2009
ASSETS				
Current				
Cash and cash equivalents	$	**500,232**	$	96,009
Short-term investments		**118,041**		451,829
Interest and accounts receivable		**3,373**		3,111
Dividends receivable		**76,874**		85,697
Restricted cash and cash equivalents (Note 3)		**61,114**		67,132
		759,634		703,778
Restricted cash and cash equivalents (Note 3)		**140,465**		146,693
Equity advances to Crown corporations		**1,082,736**		1,082,736
Investments in share capital corporations		**44,198**		45,721
Equipment		**532**		543
Intangible assets		**272**		276
	$	**2,027,837**	$	1,979,747
LIABILITIES AND PROVINCE'S EQUITY				
Interest and accounts payable	$	**15,321**	$	6,341
Dividend payable to General Revenue Fund		**-**		-
Deferred funding (Note 3)		**189,836**		210,141
		205,157		216,482
Province of Saskatchewan's Equity				
Equity advances		**1,051,152**		1,051,152
Retained earnings		**771,528**		712,113
		1,822,680		1,763,265
	$	**2,027,837**	$	1,979,747

(See accompanying notes)

Crown Investments Corporation of Saskatchewan

Non-Consolidated Statement of Operations and Comprehensive Income

(unaudited)

For The Period

(thousands of dollars)

		2010 January 1 to March 31		2009 January 1 to March 31
REVENUE				
Dividend (Note 4)	$	71,472	$	53,670
Interest and other		970		5,876
Grant funding from GRF		20,305		1,547
		92,747		61,093
EXPENSES				
General, administrative and other		2,948		5,575
Depreciation and amortization		39		32
		2,987		5,607
Earnings before the following		89,760		55,486
Grants to subsidiary corporations (Note 5)		(30,345)		(7,918)
NET EARNINGS		59,415		47,568
OTHER COMPREHENSIVE INCOME		-		-
COMPREHENSIVE INCOME	$	59,415	$	47,568

(See accompanying notes)

Crown Investments Corporation of Saskatchewan

Non-Consolidated Statement of Retained Earnings

(unaudited)

For The Period

(thousands of dollars)

	2010 January 1 to March 31	2009 January 1 to March 31
RETAINED EARNINGS, BEGINNING OF PERIOD	$ 712,113	$ 1,290,424
NET EARNINGS	59,415	47,568
DIVIDEND TO GENERAL REVENUE FUND	-	-
RETAINED EARNINGS, END OF PERIOD	$ 771,528	$ 1,337,992

(See accompanying notes)

Crown Investments Corporation of Saskatchewan

Non-Consolidated Statement of Cash Flows

(unaudited)

For the Period

(thousands of dollars)

		2010 January 1 to March 31	2009 January 1 to March 31
OPERATING ACTIVITIES			
Net earnings	$	59,415	47,568
Add non-cash items:			
Depreciation and amortization		39	32
		59,454	47,600
Net change in non-cash working capital balances related to operations		17,541	3,741
Cash provided by operating activities		76,995	51,341
INVESTING ACTIVITIES			
Decrease in short-term investments		333,788	628,932
Purchase of investments		-	(6,001)
Repayment of due from CIC Economic Holdco Ltd.		206	-
Repayment of due from CIC Apex Equity Holdco Ltd.		317	-
Repayment of due from First Nation and Métis Fund Inc.		1,000	-
Repayment of equity advances from SGGF MC		-	1
Purchase of equipment		(24)	(157)
Cash provided by investing activities		335,287	622,775
FINANCING ACTIVITIES			
Decrease in restricted cash and cash equivalents		12,246	1,620
Decrease in deferred funding		(20,305)	(1,547)
Dividend paid		-	(150,000)
Cash used in financing activities		(8,059)	(149,927)
NET CHANGE IN CASH DURING PERIOD		404,223	524,189
CASH POSITION, BEGINNING OF PERIOD		96,009	623,323
CASH POSITION, END OF PERIOD	$	500,232	$ 1,147,512

(See accompanying notes)

Crown Investments Corporation of Saskatchewan

Notes to Non-Consolidated Financial Statements

(unaudited)

March 31, 2010

1. Status of Crown Investments Corporation of Saskatchewan

The Government Finance Office was established by Order in Council 535/47 dated April 2, 1947, and was continued under the provision of *The Crown Corporations Act, 1993* (the Act), as Crown Investments Corporation of Saskatchewan(CIC). CIC is an agent of Her Majesty in Right of the Province of Saskatchewan and as a Provincial Crown corporation is not subject to Federal and Provincial income taxes.

The Act assigns specific financial and other responsibilities to CIC regarding Crown corporations designated or created as subsidiary Crown corporations of CIC under the Act. The following corporations have been designated or created by Order in Council:

Information Services Corporation of Saskatchewan (ISC)
SaskEnergy Incorporated (SaskEnergy)
Saskatchewan Development Fund Corporation (SDFC)
Saskatchewan Gaming Corporation (SGC)
Saskatchewan Government Growth Fund Management Corporation (SGGF MC) [1]
Saskatchewan Government Insurance (SGI)
Saskatchewan Opportunities Corporation (SOCO)
Saskatchewan Power Corporation (SaskPower)
Saskatchewan Telecommunications Holding Corporation (SaskTel)
Saskatchewan Telecommunications
Saskatchewan Transportation Company (STC)
Saskatchewan Water Corporation (SaskWater)

[1] SGGF MC was dissolved effective March 31, 2009.

In addition to the above Crown corporations CIC is the sole member of Gradworks Inc., a non-profit corporation, and the sole shareholder of CIC Asset Management Inc. (formerly Investment Saskatchewan Inc.)[2], First Nations and Métis Fund Inc., CIC Economic Holdco Ltd., and CIC Apex Equity Holdco Ltd., which are wholly-owned share capital subsidiaries.

[2] Investment Saskatchewan Inc. was de-designated as a subsidiary Crown corporation pursuant to Order-in-Council 653/2009 effective September 10, 2009 and is continued under the authority *of The Business Corporations Act (Saskatchewan)* as CIC Asset Management Inc. with CIC as sole shareholder.

2. Summary of Significant Accounting Policies

The interim non-consolidated financial statements of CIC do not contain all of the disclosures included in CIC's annual non-consolidated financial statements. Accordingly, these interim financial statements should be read in conjunction with the December 31, 2009, audited non-consolidated financial statements.

The accounting policies used in the preparation of these interim financial statements conform to those used in the December 31, 2009, audited non-consolidated financial statements.

a) Future accounting policy changes

International Financial Reporting Standards (IFRS)

The Canadian Accounting Standards Board has confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting in fiscal years beginning on or after January 1, 2011, including comparative figures for the prior year. The Public Sector Accounting Board (PSAB) in September 2009, approved an amendment to the introduction to the Public Sector Accounting Handbook, which requires Government Business Enterprises (GBE's) to adopt IFRS and Other Government Organizations (OGO's) to adopt either IFRS or the public sector handbook, whichever is considered the most appropriate basis of accounting. CIC, as a stand-alone entity is an OGO, however, because the majority of its subsidiaries are GBE's, CIC has selected IFRS as its accounting platform.

CIC and its subsidiaries, are finalizing an IFRS conversion project. Selection of accounting policies has been finalized and CIC is in the final stages of determining the impact of IFRS on processes, systems, internal controls over financial reporting and disclosures, and future financial position and results of operations. IFRS financial statement presentation formats are being finalized. As part of the IFRS implementation, CIC has made changes to certain processes and systems to ensure transactions are recorded in accordance with IFRS for comparative reporting purposes. Other than changes to certain formats and required reconciliations, CIC does not expect any material changes to these non-consolidated financial statements.

Crown Investments Corporation of Saskatchewan
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(unaudited)
March 31, 2010

3. Restricted Cash and Cash Equivalents and Deferred Funding

Restricted cash and cash equivalents and deferred funding are comprised of unspent funding transferred to CIC from the Province of Saskatchewan's General Revenue Fund (GRF) restricted for carbon capture and storage demonstration projects undertaken by SaskPower. As qualifying expenditures are made, CIC recognizes an equivalent amount of funding in earnings and reduces restricted cash and cash equivalents and deferred funding by the same amount. From January 1, 2010 to March 31, 2010, $20.3 million has been funded to SaskPower under this program as follows (thousands of dollars):

	March 31 2010	December 31 2009
Deferred grant funding, beginning balance	$ 210,141	$ 237,895
Grant funding earned and grant to SaskPower	(20,305)	(27,754)
	$ 189,836	$ 210,141
Comprised of:		
Current restricted cash and cash equivalents	61,114	67,132
Long-term restricted cash and cash equivalents	140,465	146,693
Payable to SaskPower (a)	(11,743)	(3,684)
Deferred funding, ending balance	$ 189,836	$ 210,141

(a) Amounts payable to SaskPower are included in interest and accounts payable.

4. Dividend Revenue

Dividend revenue consists of the following:

For the three months ended (thousands of dollars)	March 31 2010	March 31 2009
Saskatchewan Telecommunications Holding Corporation	$ 29,558	$ 23,207
SaskEnergy Incorporated	14,500	14,540
Saskatchewan Opportunities Corporation	9,000	-
Saskatchewan Government Insurance	8,011	6,602
Saskatchewan Gaming Corporation	6,309	5,080
Information Services Corporation	4,094	2,499
Saskatchewan Government Growth Fund Management Corporation	-	1,742
	$ 71,472	$ 53,670

5. Grants to Subsidiary Corporations

Grants to subsidiary corporations consists of the following:

For the three months ended (thousands of dollars)	March 31 2010	March 31 2009
Saskatchewan Power Corporation	20,305	1,547
Saskatchewan Energy Incorporated	6,327	3,058
Saskatchewan Transportation Company	2,900	2,250
Saskatchewan Telecommunications Holding Corporation	813	563
Gradworks Inc.	-	500
	$ 30,345	$ 7,918

6. Comparative Figures

Certain of the 2009 comparative figures have been reclassified to conform to the current period's presentation.